

# **REPORT ON THE ACTIVITIES OF THE ADMINISTRATION FOR THE PREVENTION OF MONEY LAUNDERING IN 2013**

## **1 SYSTEM DEVELOPMENT AT LEGISLATIVE LEVEL**

### **Draft Law on Asset Freezing for the Prevention of Terrorism Financing**

Draft Law on Asset Freezing for the Prevention of Terrorism Financing has been developed by international experts and the representatives of Serbian state authorities. Hereby the provisions of Chapter VII of UN Charter are implemented, prescribing that the UN member states are obliged to undertake measures to implement resolutions passed within the United Nations Security Council term of reference (hereinafter referred to as: UN SC). The resolutions laying down the measures to combat terrorism financing and terrorism in general are as follows: Resolution 1267 of 1999, which contains a list of persons designated by UNSC subject to the measures; Resolution 1373 of 2001; Resolutions 1333 of 2000; 1363 of 2001; 1455 of 2003, and others. The Draft Law is in compliance with the FATF Recommendations as amended in February 2012, and its provisions are in line with Recommendation 6.

### **Publishing the Report on Money Laundering Risk Assessment in the Republic of Serbia**

Money laundering risk assessment in the Republic of Serbia (hereinafter referred to as: NRA) was conducted in the reporting period, the findings of which were shared with relevant state authorities, financial and non-financial sector and all the stakeholders. The NRA serves to help the state allocate resources more efficiently, that is, to make the measures to be taken proportionate to perceived risks. The Report on NRA was prepared and submitted to the Government in April 2013 for information purposes.

### **National Strategy against Money Laundering and Terrorism Financing for the period 2014-2018**

In October a Project Group was formed to develop a new national strategy against money laundering and terrorism financing, as well as an action plan to elaborate in detail the measures from the Strategy. Following state authorities participated in the development of the Strategy: Supreme Court of Cassation, National Bank of Serbia, Securities Commission, Ministry of Justice and Public Administration, State Prosecutor's Office, Security – Information Agency, Military Security Agency, Anti-Corruption Agency, Tax Administration and Administration for the Prevention of Money Laundering. On the basis of remarks and findings in the NRA Report the Draft Strategy against Money Laundering and Terrorism Financing for the period 2014-2018 was developed, as well as the action plan accompanying the Strategy. The drafts have been submitted to the relevant authorities of representatives who participated in their development, for delivering opinion and possible remarks.

## 2 FINANCIAL INTELLIGENCE ACTIVITIES

In 2013 the Department of Analytics opened 608 new analytical cases, 269 of which were initiated by the Financial Investigation Unit of the Ministry of Interior. Cases were also opened at the initiative of other state authorities, supervisory bodies, requests by foreign FIUs and on the basis of analysis of suspicious transaction reports submitted by the obliged parties (135 cases).

In 2013 the Administration worked on cases opened in previous years following new information and leads regarding persons subject to its analysis. There were 81 cases of this kind.

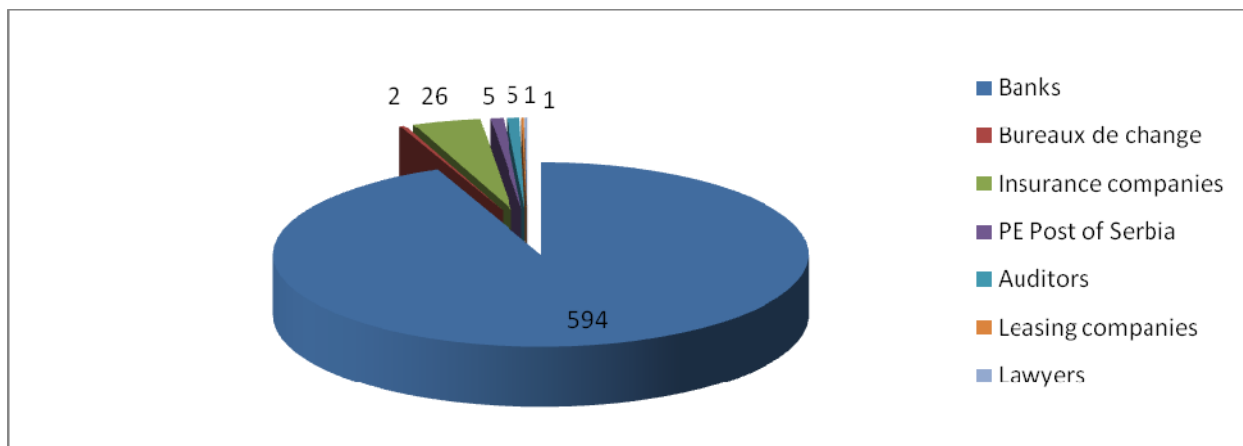
In 2013 306 cases were subject to preliminary analysis based on suspicious transaction reports submitted by the obliged parties on suspicion of money laundering or terrorism financing.

Requests for information submitted to the Administration by other state authorities saw abuse by the responsible person, drugs trafficking, human trafficking and different types of fraud as the most common predicate criminal offences.

In most cases opened on the basis of STRs, analysis saw cases of large amounts of money paid into bank accounts and further movement of such money either using associate companies or using bank accounts of other individuals, whereby the source of money remains unknown. The analysis of financial flows and business activities could not indicate known source of money (no identification of sources that could justify large cash transactions or significant account turnover). In a great deal of cases these persons seem to have connections with construction business and investments of that kind. The cases mentioned above involve suspicion of tax fraud, corruption and links to organized criminal groups. A great deal of information relates to corruptive activities of persons holding certain positions in companies (director/manager, person authorized to do certain transactions, founder), manipulation when acquiring ownership of a company, concluding fictitious contracts or aiding persons who are connected to the individuals from criminal milieu.

In addition to the unknown origin of funds, a large amount of information was analysed on suspicion that fictitious money transfers between legal persons were involved; that is, fictitious business activity and fictitious trade in goods generate transfers between associate businesses, which are followed by cash withdrawals. There is suspicion that behind the companies involved in money transfers stands one beneficial owner.

During 2013 Administration for the Prevention of Money Laundering received the total of 634 suspicious transaction reports, 594 of which were submitted by banks, whereas the rest was submitted by other obliged parties. In the same period the Administration received 233.140 cash transaction reports. In 2013 money remitters submitted 63 reports involving 203 persons suspected of money laundering operations behind money remittances.

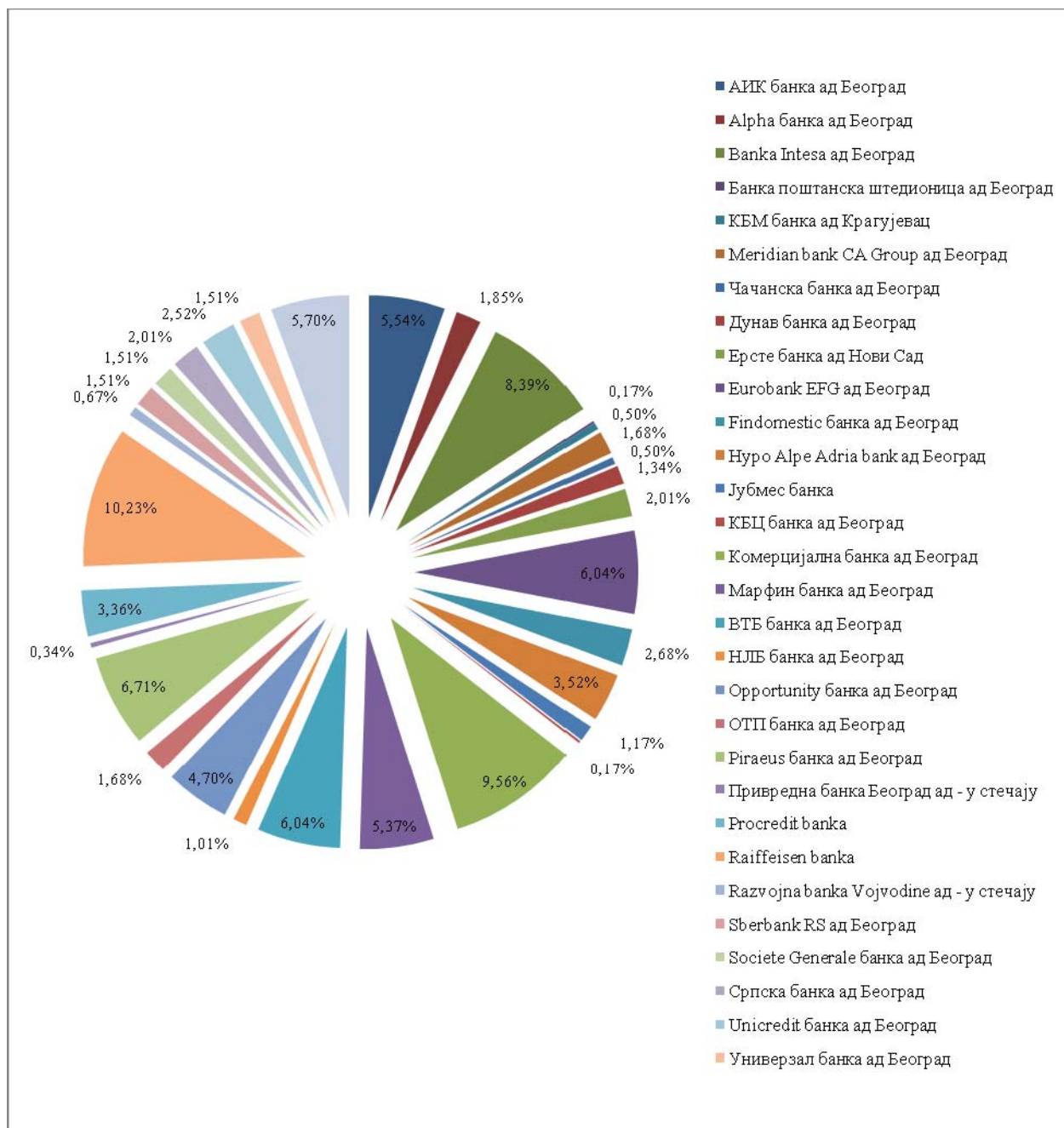


**Chart no.1: STRs as accounted for by obliged parties**

A submitted STR is information disclosed by obliged parties about activities on their clients' accounts which were perceived as suspicious based on available indicators for identifying suspicion of money laundering, on guidelines for money laundering risk assessment issued by a supervisory body, and in a large number of cases, based on banker's experience, which seems to be invaluable in this job. Only following the analysis of a STR in the Administration, with reliance on all available sources of information, can a suspicion be voiced with regard to possible underlying illegal activity which can generate illegal proceeds.

Banks remain the obliged party from which the Administration receives the largest amount of data related to reasons to suspect money laundering. Based on the data from Chart no. 2, banks with the highest percentage of STRs are Raiffeisenbank ad (accounting for 10,23% of total number), Komercijalna banka ad (9,56%), Banca Intesa ad (8,39%), Piraeus bank ad (6,71%).

Most STRs cite suspicion with regard to deposits, withdrawals and transfer of funds without economic or any other logical explanation, which was described in almost 20% of the total of STRs. In terms of frequency this type of transaction is followed by deposits into accounts held by legal persons, which are then further transferred in favour of individuals who withdraw cash, as well as suspicion surrounding cash deposits into accounts held by companies as the founder's loan for liquidity.

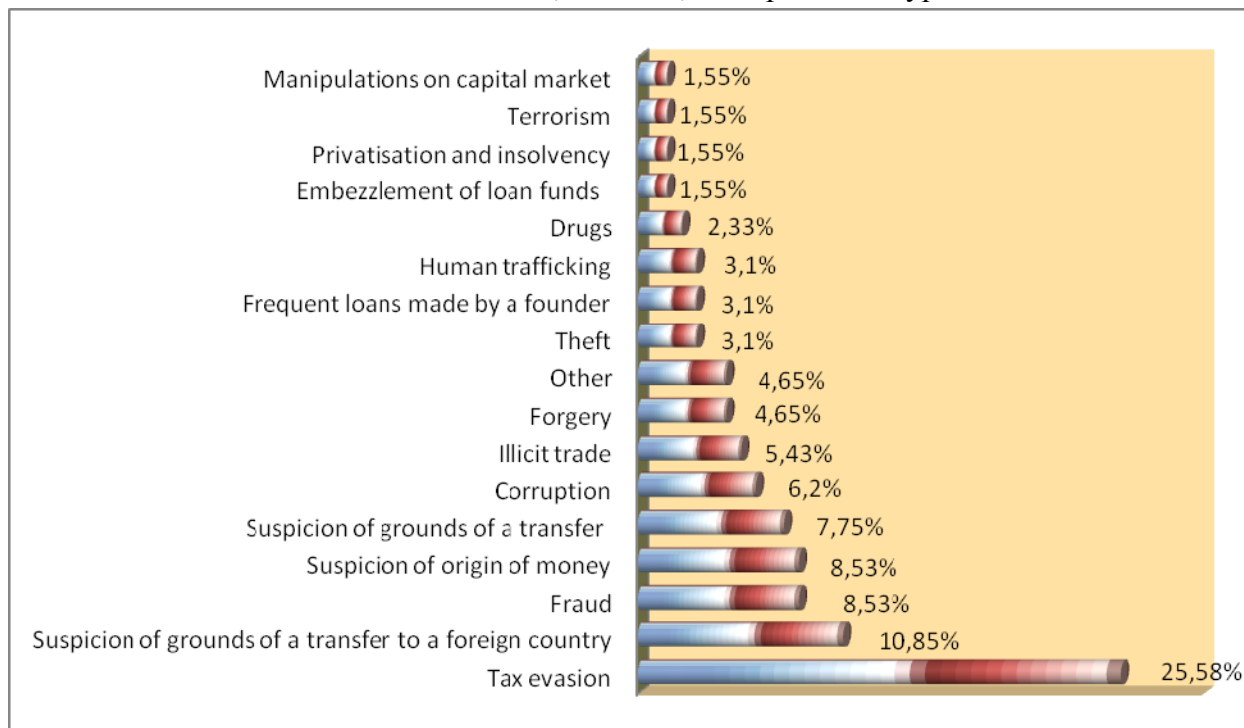


**Chart no. 2: Total number of STRs, accounted for by banks**

Analysis of narratives accompanying transactions reported by the obliged parties as suspicious, which were forwarded to other relevant authorities, reveals that most cases indicate tax fraud (33 cases), suspicion of international - usually outbound transfers (14 cases), fraud (11 cases), suspicion of source of money which is paid in cash into accounts held by individuals or legal persons (11 cases), suspicion of economic justification of transactions („fictitious contracts“, „payment for goods“) and suspicion of grounds of a transfer (10 cases), corruption (8 cases), illegal trade (7 cases), forgery (6 cases), theft (4 cases), embezzlement of loan funds (2 cases), privatization and bankruptcy (2 cases), terrorism (2 cases), manipulation in capital

market (2 cases), frequent loans made by a founder (4 cases), human trafficking (4 cases) drugs offences (3 cases) and one case each involving suspected public procurement irregularity and contract irregularity; trade in shares, arms trafficking, smuggling, insurance abuse and links with organized criminal groups – 6 cases in total.

The analysis is based on presumptions, as it is difficult to ascertain based on an STR alone whether a crime has been committed, and if so, what particular type.



**Chart no. 3: Suspicion of predicate criminal offences**

In 2013 the Administration was very active in information exchange with law enforcement authorities. The largest amount of information was exchanged with relevant prosecutor's offices, Ministry of Interior and other state authorities.

### **Prosecutor's Offices**

The largest amount of information in 2013 was exchanged with prosecutor's offices – 196 pieces of information in total. The majority of cases involve suspicion of tax fraud, corruption and links to organized criminal groups, illicit trade, etc.

Prosecutor's Offices sent 73 requests to the Administration, whereas other information was provided on the basis of analysis by the Administration – the total of 123 (analyses of reported STRs sent by the obliged parties, information provided by foreign FIUs, data submitted by supervisory bodies, data submitted by other state authorities and a follow-up analysis) as well as by the Administration database search, when new circumstances were identified that could indicate reasons for suspicion (for example, cross-border transportation of cash, assets seized, assets declared, cash transactions, etc).

## Information exchange with prosecutor's offices

	Requests (made by prosecution)	Initiative (by the APML)
Prosecutor's Office for Organized Crime	36	15
State Prosecutor's Office	1	85
Higher-level prosecutor's offices	30	22
Basic-level prosecutor's offices	6	1

According to the data obtained from appellate prosecutor's offices on regional distribution of the information submitted, the greatest number of suspicious activities comes in connection with persons committing a criminal offence in the territory of Belgrade, which is followed by Novi Sad, Subotica, Prokuplje, Pančevo; one case each was passed on to the relevant prosecutor's offices at Šabac, Zaječar, Užice, Novi Pazar, Kraljevo and Vranje.

Most cases were submitted to the prosecution for suspicion on tax fraud and dubious source of funds. In cases where tax fraud seems to be a predicate criminal offence the information was submitted simultaneously to the prosecution and Tax Administration, sometimes even to the body in charge of market inspection.

Following is the list of grounds (reasons) to forward the information to the prosecution: possible abuse of powers by a company director or other persons authorized to conduct business operations, possible irregularities in privatization process, suspicious source of funds and transfers to/from off-shore companies, source of funds used to acquire companies or shares in a company and possible irregularities in company takeovers.

Apart from named suspicious activities, cases were also forwarded to the prosecution for suspicion on drugs trafficking, money counterfeiting and human trafficking. These cases do not involve significant sums of money, however the persons named in the reports are brought in connection with the persons from criminal milieu, and are connected directly or indirectly with criminal activities.

On the basis of suspicious transactions analysis, with regard to "economic logic and justification" of transactions in international trade activities (multinational companies, representative offices, associate companies, transfer pricing, invoices) three (3) cases were forwarded to the prosecution. Working on these cases the Administration exchanged information with a lot of foreign FIUs, which see the same processes being conducted in their countries.

Three (3) cases were forwarded on suspicion of manipulation in capital market and activities of associate persons in privatization process. The Administration worked on these cases together with the supervisory body prior to dissemination.

Requests sent to the Administration by the prosecution in most cases cite as an underlying offence the abuse of office and suspicious privatizations. Prosecution sent requests on the turnover of bank accounts kept abroad and on a person's business activities abroad, which resulted in requests being made to foreign FIUs. The requests were also made for the predicate crimes of tax fraud, money counterfeiting and fraud. As many as 39 cases were opened on suspicion of tax fraud. This is followed by abuse of office (33 cases), fraud (9 cases), money laundering (6), drugs trafficking (5), human trafficking (5), capital market manipulation (3), money counterfeiting (3), large cash deposits and cross-border transportation of cash of unknown

source (23), arms trafficking (1), misuse of loan (1), internet fraud (1) and other activities which gave reasons to suspect money laundering (company acquisitions) (2).

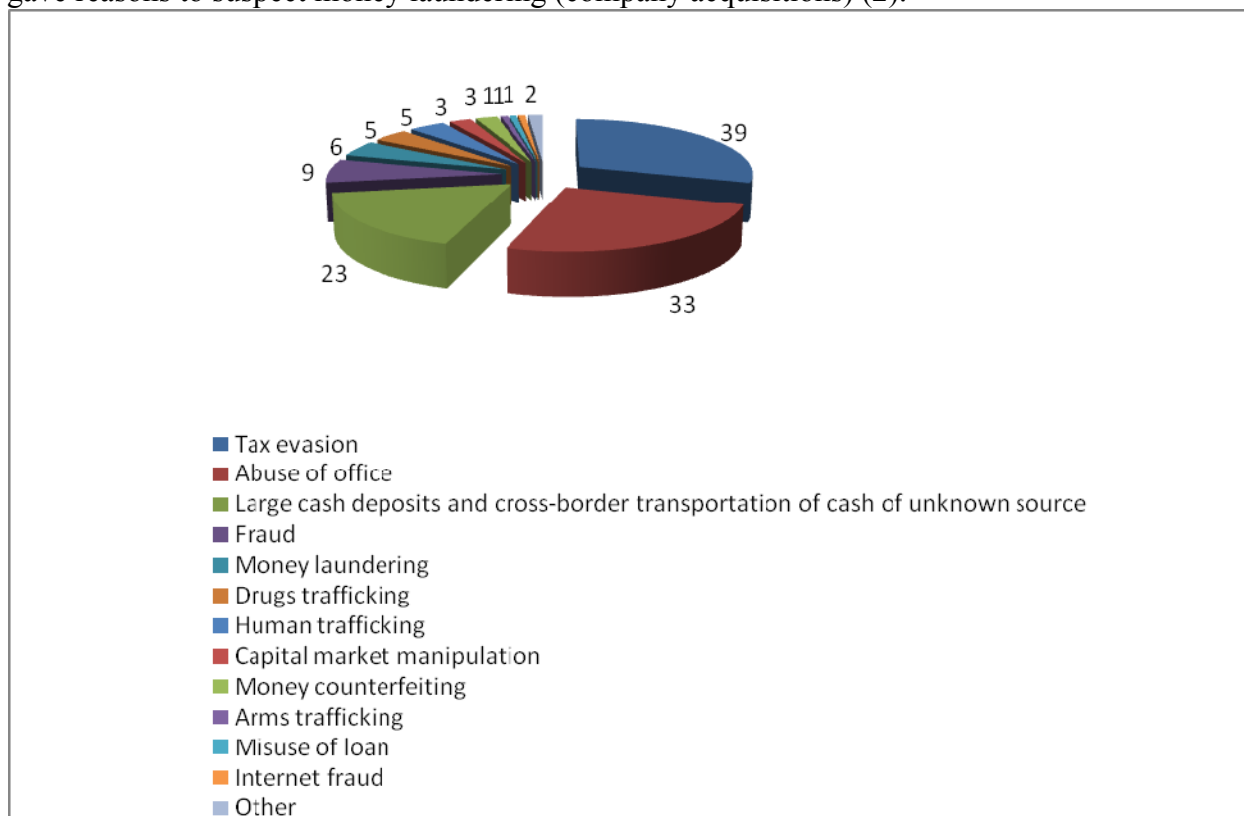


Chart no.4: Suspicion of predicate criminal offences

### Ministry of the Interior

On the basis of suspicious transactions analysis the Administration made eleven (11) submissions to the Ministry of Interior. The submissions were made because there was suspicion that the subjects of the analysis were connected with drugs syndicates, arms trafficking and different kinds of fraud; in two (2) cases there was suspicion of involvement in terrorist groups.

In 2013 Ministry of Interior, Criminal Police Directorate, sent 75 requests to the Administration. The cases where the Administration and the police exchanged information involved suspicion of irregularities in privatization, human trafficking, internet fraud, abuse of office, tax fraud, drug production and trafficking, terrorist activities, etc.

Police directorates initiated 19 requests to the Administration, in most cases on grounds of corruption elements.

On the basis of requests made to the Administration by the Financial Investigations Unit of the Ministry of Interior the total of 269 cases of financial investigations were launched in 2013.

### Security-Information Agency

In 2013 the Administration exchanged 44 pieces of information with the Security-Information Agency. The largest amount of information refers to suspicion of drug trafficking,

links to organized crime, money laundering for extremists, terrorism financing, human trafficking and document forging.

### **Military Security Agency**

In 2013 Military Security Agency sent four (4) requests to the Administration. The requests deal with suspicion of corruptive activities of the Ministry of Defence staff.

### **Tax Administration**

In 2013 the Administration received 19 requests from the Tax Administration on suspicion that funds from tax frauds were being integrated into the financial system to be laundered. On the other hand, the Administration sent 32 requests to the Tax Administration to verify the data from its term of reference and because of suspicion that funds from fictitious business operations was being invested in the financial system in order to disguise its source. Most cases are about persons directly or indirectly related to investment activities. Working on these cases the Administration also sent requests to the body competent for Market Inspection to verify business activities in four (4) cases.

### **Anti-Corruption Agency**

The Agency sent 7 requests for information to the Administration, whereas the Administration addressed the Agency in four (4) cases.

### **Securities Commission**

Due to suspicion of manipulation in capital market – involvement of associate businesses in takeover operations and due to suspicion of securities counterfeiting the Administration exchanged information with the Securities Commission (supervisory body) in 11 cases.

### **Information exchange with foreign FIUs**

In 2013 information with foreign financial intelligence units (FIUs) was exchanged in 250 requests (received and sent). Most information was exchanged with neighbouring countries, predominantly with Montenegro, Croatia and Macedonia. Three most common predicate offences in this information exchange are corruption, fraud and tax fraud.

In 2013 the Administration received 102 requests from foreign FIUs, most of it from FIU Montenegro (15 requests), FIU Croatia (12), FIU Macedonia (11), FIU Slovenia (10), FIU Hungary (6) and FIU Bosnia-Herzegovina (5).

The Administration sent 148 requests to foreign FIUs, mostly to FIU Montenegro (15), FIU Croatia (12), FIU Macedonia (14), FIU Slovenia (14), FIU Hungary (13) and FIU Bosnia-Herzegovina (11).

Information exchange was typically done for the purpose of analyzing transactions of Serbian nationals who are either transferring funds from bank accounts to another country or



who are making declarations when crossing the state border; transactions of Serbian nationals who are a part of ownership and/or managerial structure of foreign companies.

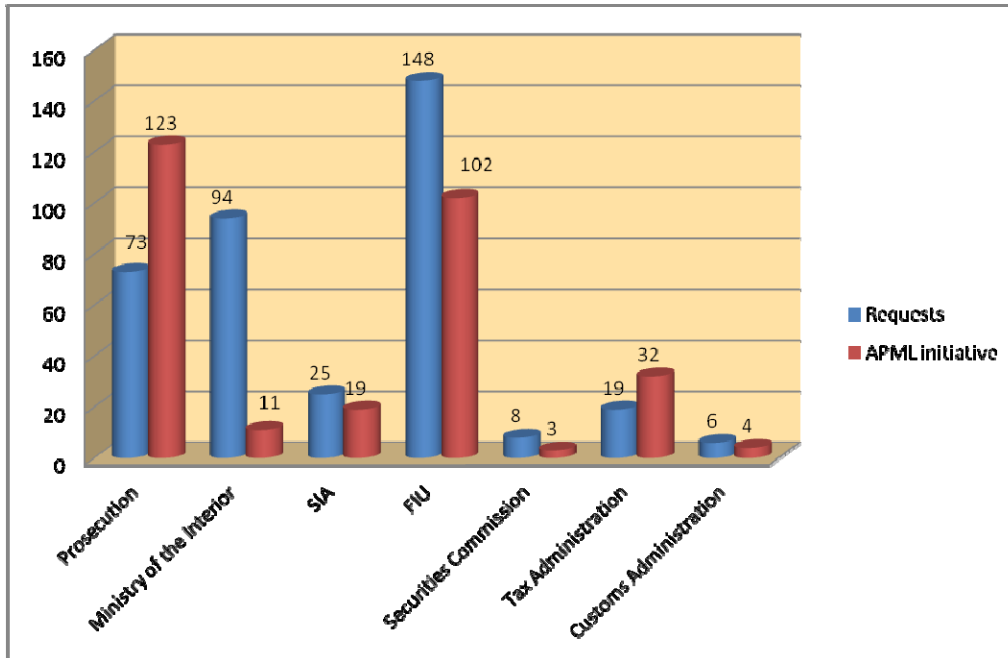


Chart no. 5: Information exchange with state authorities and foreign FIUs

### Strategic analyses and other research by the Analytical section

Virtual business premises
Investment funds
Non-governmental organizations
Prepaid cards
Transfer prices
Analysis of off shore regions
Analysis of cross-border transportation of money
Analysis of international payment operations
Analysis of payment operations to/from Cyprus
Analysis of payment operations between the Republic of Serbia and South Africa
Analysis of exchange operations
Analysis of betting places
Drug trafficking in Europe
Analysis of annual reports of the FIUs of Malta, Mexico and France
Terrorism financing
Money laundering originating from organized crime
Analysis of money transportation using cash couriers

In 2013 the Analytical Section resumed analyses started in 2012 (activities of non-governmental sector, that is, of NPOs; issue and use of prepaid cards; activities of investment funds and rental of virtual business premises) and began new analyses with the aim of predicting the effect on the extent and movement of dirty money. The analyses are about exchange offices and betting places' operations (regulations in force, work process, new methods, recommendations, etc).

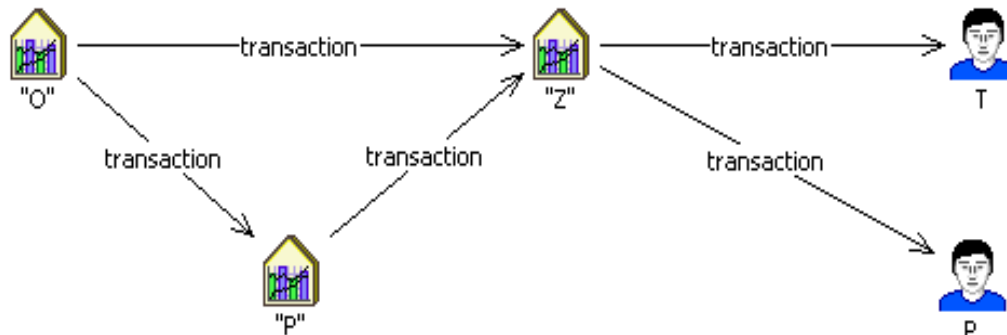
In addition, a comparative analysis of work done by FIUs of France, Malta and Mexico was completed, for acquiring a better insight into other FIUs' work, and consequently the implementation of better solutions.

The Section also analysed reports of international nature – the one of Southeastern European Cooperative Initiative (SECI) and Drug Situation Analysis Report, South Eastern Europe, UNODC, Paris Pact, with the aim of following activities of drug trafficking rings for the purpose of recognizing typologies and easier detection of suspicious activities when working on a case. In terms of narcotics, certain areas undoubtedly bear a higher risk.

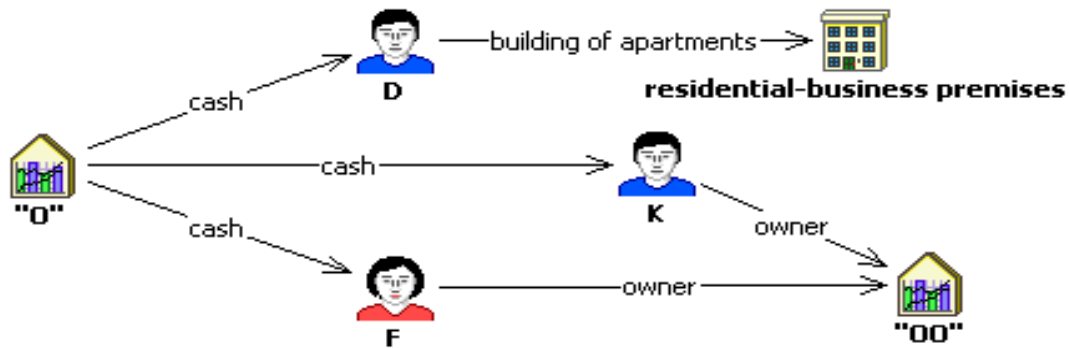
### Typologies – suspicion of money laundering

Typologies which indicated suspicion of money laundering in 2013 are as follows:

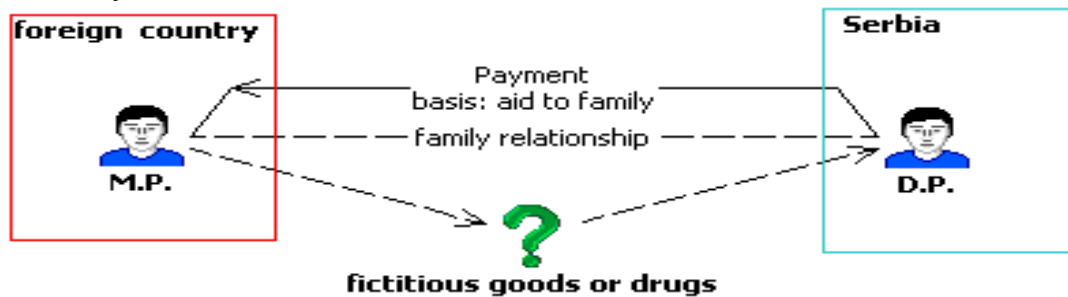
- Movement of funds through several business entities, which are often affiliated, followed by the withdrawal of funds by one or several individuals. The persons are suspected to be drawing the funds using false documentation, which they use for personal spending, investing a portion of funds into new business activities, usually by setting up new businesses.



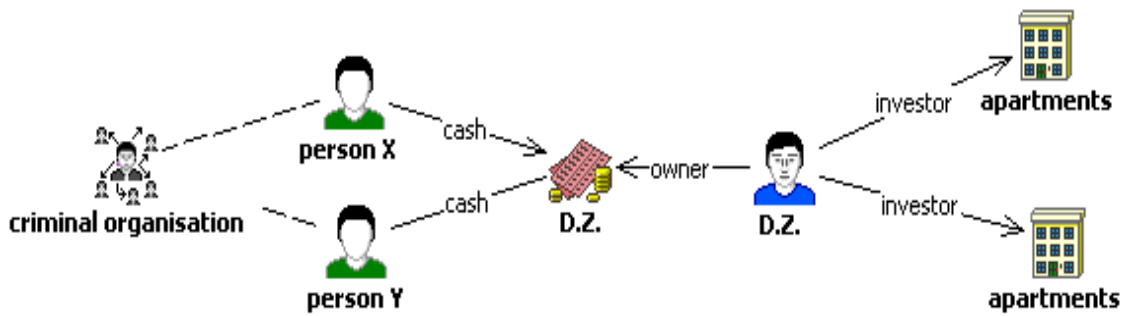
- Frequent withdrawals of funds by several individuals from (an) account(s) of a legal person – the reason for the withdrawals seems to be suspicious – possible drawing of funds from an account. In this manner and by using false documentation the individuals make misrepresentations in business books. A part of money is used for purchase and further sale of real estate, and the other part is invested in setting up companies for construction business.



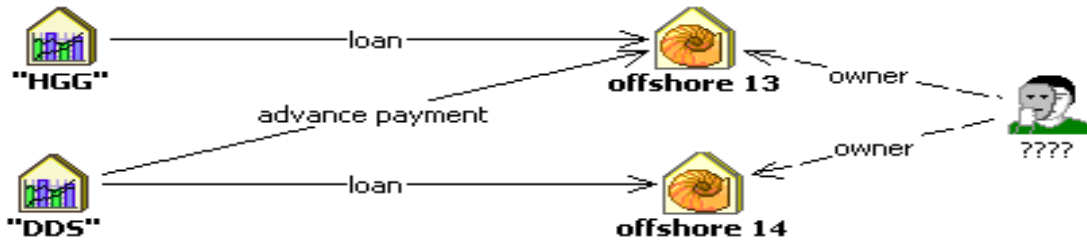
- It is very common to misuse money transfers intended for so called “support to the family” without actual family relations. These transactions are possible to use to pay for illegally imported goods, but can also indicate drug trafficking and human trafficking criminal offences. A portion of funds is invested into the development of business activities, whereas the other is used again for illegal purposes, with the intention of integrating it into the financial system later.



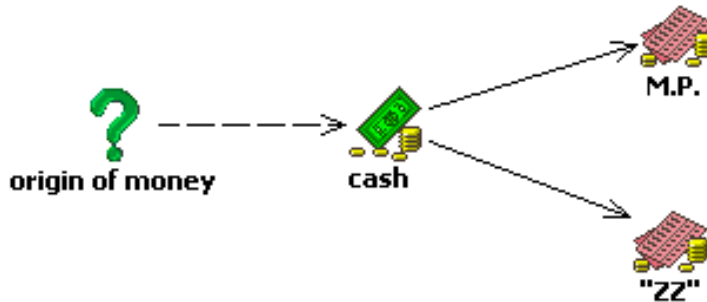
- Individuals deposit significant sums into their bank accounts, explaining that the funds originate from working abroad. The money is most commonly invested in real estate and construction business. However, there are no cross-border currency declarations, nor the record to show that the persons has made any earnings abroad, especially when the money is measured in tens of thousands of Euros and the persons are of younger age. Such persons are suspected to be linked with persons with criminal background.
- Funds are deposited into a private account. The account holder is an investor with links to construction business. There is suspicion about the regularity of real estate trade and about the source of money used in investments. Possibly there are links to persons with criminal background.



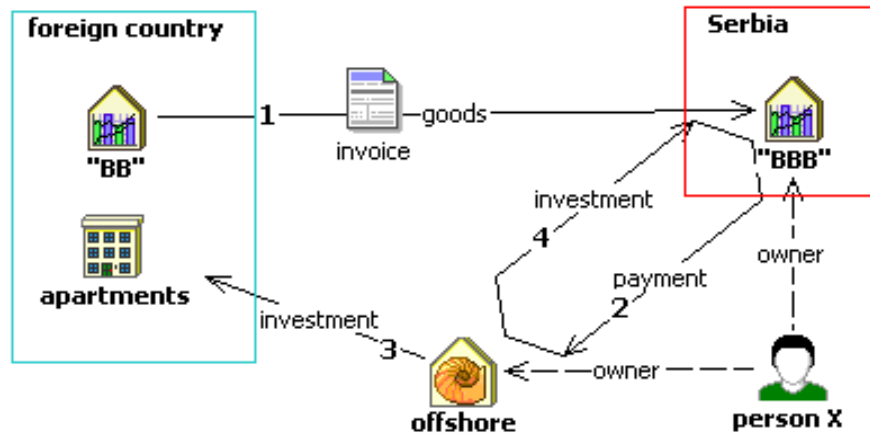
- Transfers to off-shore zones or to countries with strict bank secrecy. Very often there is misuse of advance payments, loans or credits, only to have the funds transferred out of Serbia. Beneficial owners of companies registered abroad seem to be suspicious.



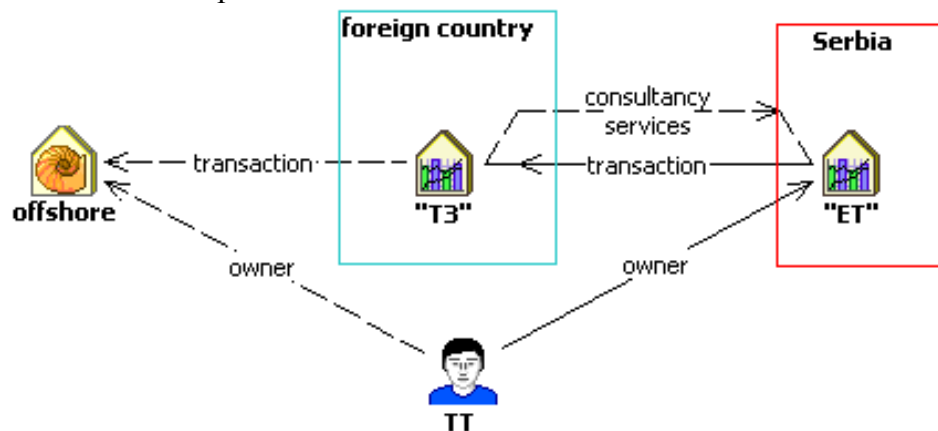
- It is not possible to identify the source of money deposited into the accounts of individuals and companies. There is suspicion that the deposits are preceded by illegal trade or that the persons are linked to the individuals with criminal background.



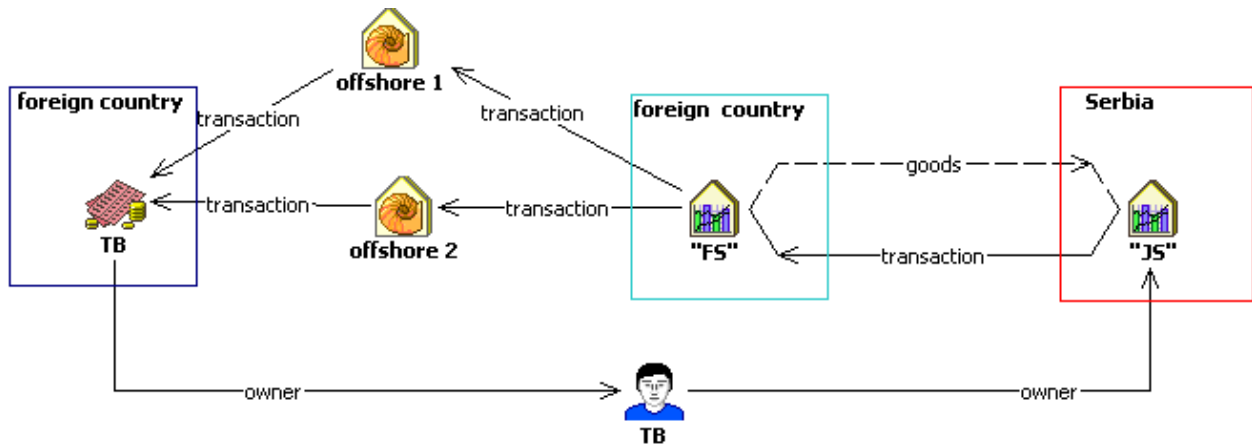
- Suspected inflated invoices (overinvoicing). Goods are imported from surrounding countries; payments are made to off-shore zones. In this way companies attempt to export money out of the country through foreign trade operations. The crucial question is about the beneficial owners of home companies and the identity of persons from off-shore zones. A portion of money is indirectly returned to the country for further development of business; other portion is used to purchase real estate abroad or to fuel an illegal activity.



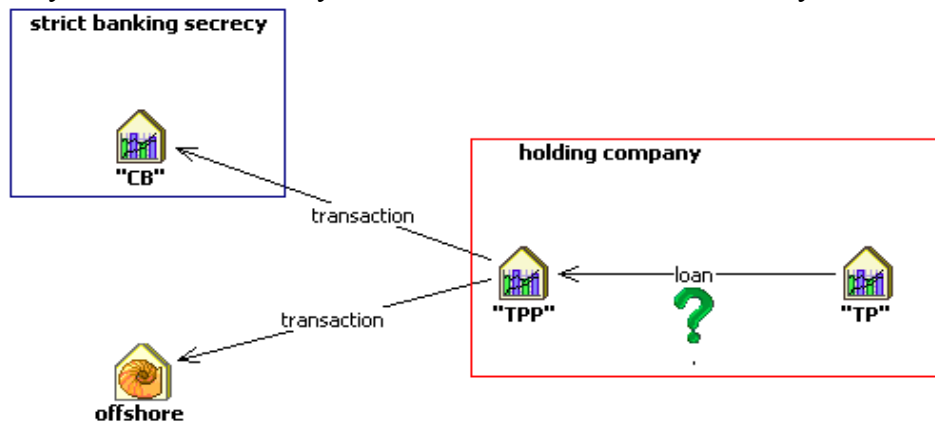
- Advance payments are made to surrounding countries for imported goods, some of the money is more often than not returned to the account of the company in Serbia the following day, some of the money is transferred into the foreign accounts of beneficial owners. There is suspicion that the import of goods has not actually occurred, rather, the operation was used to transfer money out of the country.
- Transfers to associate companies in surrounding countries, usually on the basis of services provided. There is suspicion with regard to the basis of the transfer, and also that the surrounding companies are merely used to transfer the funds to off-shore zones. Beneficial owners are also under suspicion.



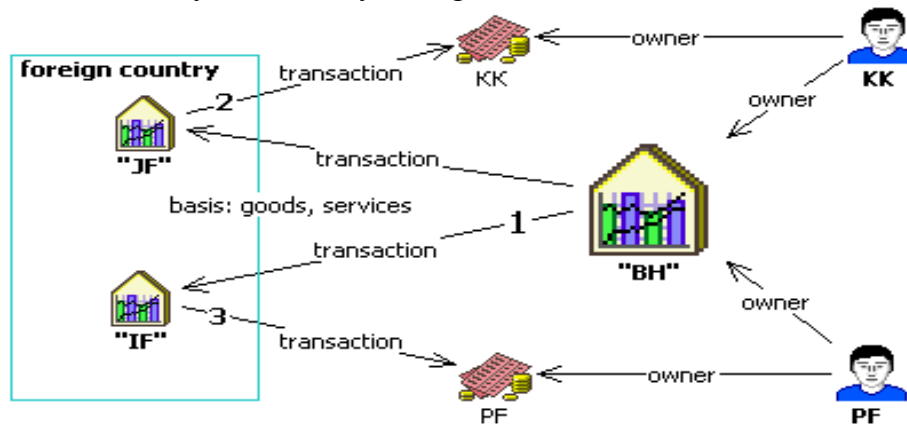
- Transfers in favour of companies from surrounding countries based on advance payments for goods. There is no record of the import of goods. There is suspicion that the money is further transferred into other destinations for services provided, ending up on private accounts abroad. Part of money is returned into the account of the originator in Serbia and is invested into business activities.



- Transfers in favour of associate businesses (usually holding companies) on the basis of loans and further transfers of money, in most cases into off-shore zones or the countries where strict bank secrecy laws are in place. The real reason for these transfers is under suspicion; the scenario may have been used only to enable an easier transfer of money abroad.



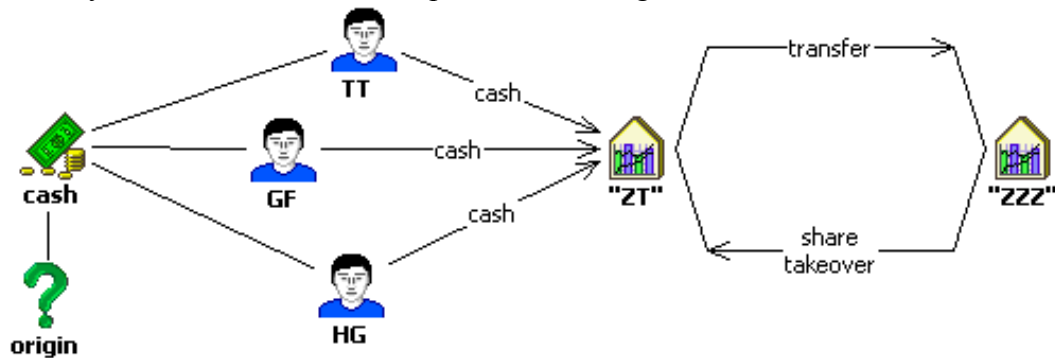
- Transfers of funds from the accounts held by companies in Serbia in favour of foreign companies' accounts, followed by a transfer back into Serbia into private accounts of the companies' owners, directly or indirectly through associate businesses.



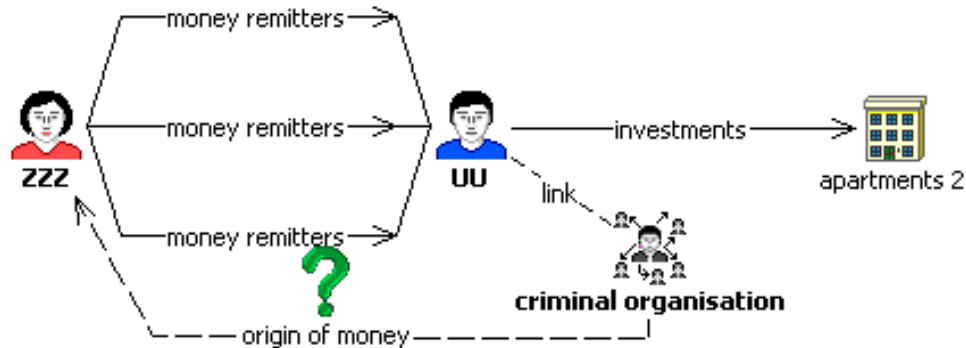
- Transactions on the basis of loans – funds circle among several legal persons, the originator and other persons. The funds are used to buy shares in companies. There is the question as to

the beneficial owner of the companies, as well as the source of money integrated into the system as loans. There is suspicion that the persons with criminal background are trying to take over companies in this matter and become involved in legal business activities.

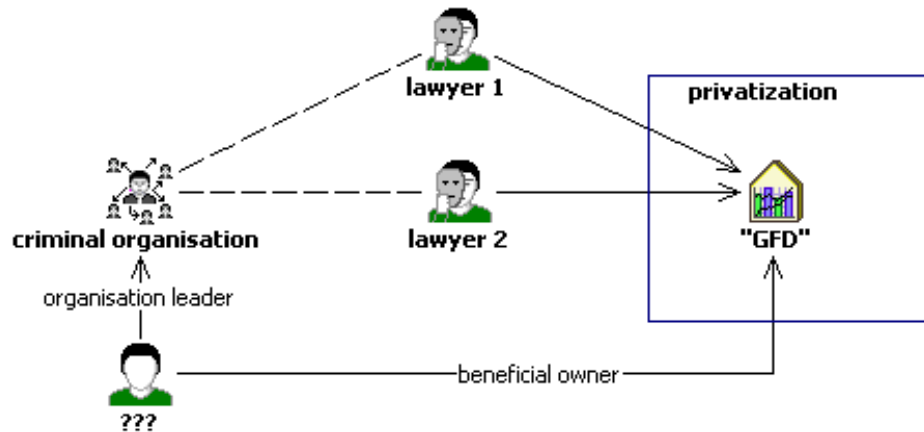
- Company takeovers by associate persons/businesses. The bid is preceded by large cash deposits into the accounts of bidders – suspicion of associate persons. The source of deposited money is unknown. There is suspicion that it originates from criminal activities.



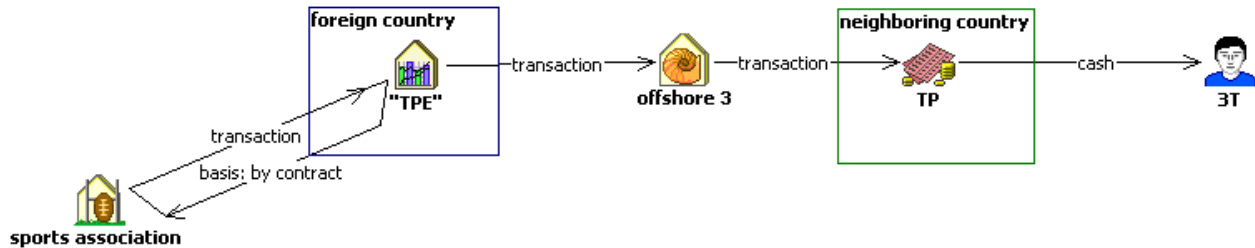
- Successive disbursements through money remitters – recipients are connected to persons with criminal background (drug trafficking and human trafficking). There is suspicion that the money is further on integrated into by associate persons, and a part of it is used for fuelling illegal activities.



- Organized acquisition of companies in privatization process, usually through front persons and subsequent takeovers by beneficial owners – criminals.



- Payment on the basis of different types of contracts made by NPOs into accounts held by companies from abroad. There is no information as to whether a contract has been implemented; however, funds are further moved into accounts in countries with strict bank secrecy laws, and withdrawn in cash.

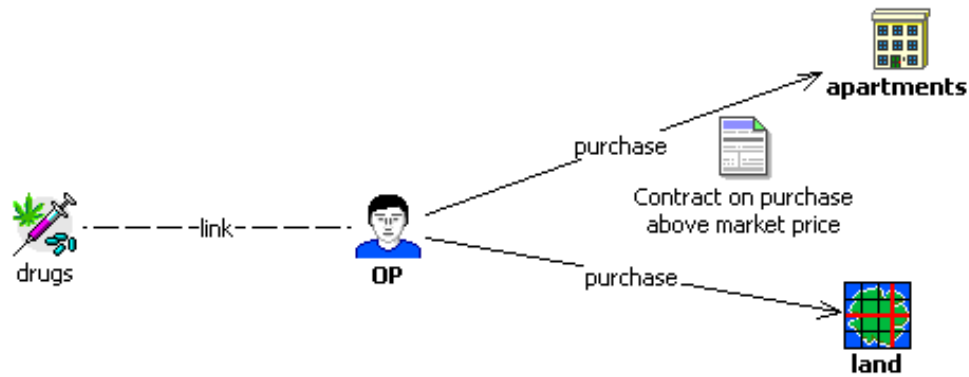


- Abuse of powers by responsible persons (usually in sports organizations/clubs), payments for services into accounts with strict bank secrecy laws or off-shore zones. Funds are subsequently moved into accounts in neighbouring countries and are withdrawn in cash.

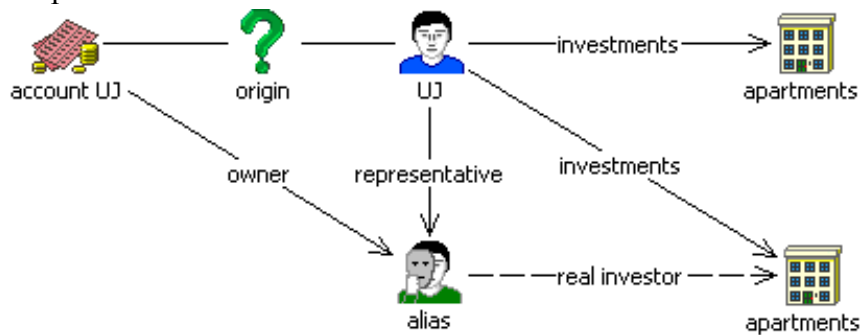


- Payments according to contracts, usually for the purchase of real estate or land. Prices stipulated in contracts are unrealistic (it is common for them to be multiply inflated). There is suspicion that in this way money from criminal groups is integrated into financial system through re-selling of real estate and formation of companies.

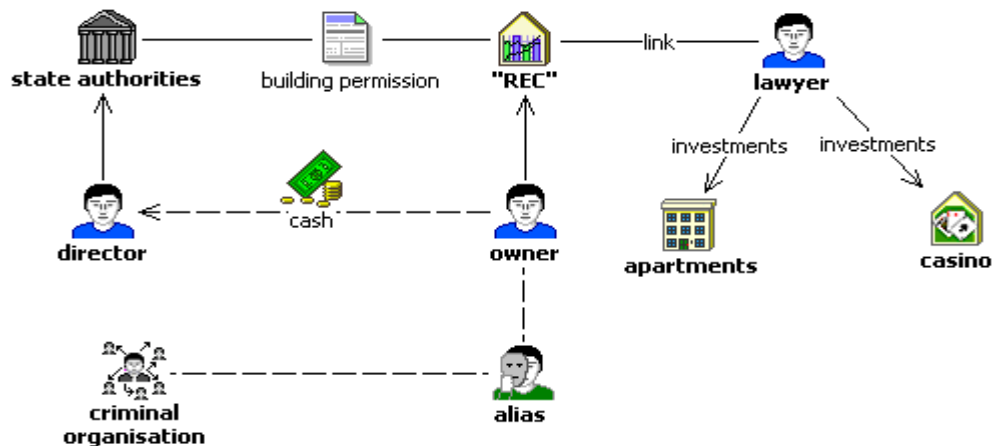




- Investments in construction of buildings. There is suspicion as to the source of money and on corruptive activities. Funds are integrated in investments through middlemen, with beneficial owners being persons employed in public enterprises, which earn financial means through the abuse of position.



- Construction work and investments. There is suspicion of corruptive activities when obtaining construction permit, as well as of money being integrated into financial system through representatives or lawyers, whereas beneficial owners come from criminal background.



## **Money laundering trends**

On the basis of experience so far and the analysis of cases from the previous period, it is possible to presume that in 2014 following activities will occur:

Placement of criminal money through construction business and investment. Actual financiers are often people from criminal milieu, who seek to integrate criminal money into legal financial system through the reselling of real estate, thus perpetuating their business activities.

Layering and integration of criminal money will be done through the use of services, especially consultancy, marketing and research & development services. Such services are often misused as it is difficult to establish their real market price, as well as to verify whether they have been delivered at all.

Misuse of payment purpose such as financial support for one's family, inheritance, etc., for transfer of funds abroad. Experience so far has shown that this payment purpose is used for a faster transfer of funds into accounts abroad, whereas the actual purpose is to pay for illegal import of goods or for various psychotropic substances. Presumably these payment purposes will continue to be used for concealing illegal activities.

The problem of transfer prices persists. It is not uncommon for companies to use these prices to achieve a competitive position in the market but also to evade taxes. Tax fraud is a high risk predicate offence. The period to come requires transfer prices to be followed, not least because they are beyond market influence.

New investors purchase shares of existing companies or establish new ones with listing their shares in capital. The shares are further transferred to beneficial owners, which are affiliated with organized criminal groups. Criminals use this kind of activity and the trend will continue, as it makes easier for them to run companies and pursue business activities.

Illicit trade and gold smuggling are a significant source of dirty money. This section of market should be monitored separately and the scrutiny should be tightened in future.

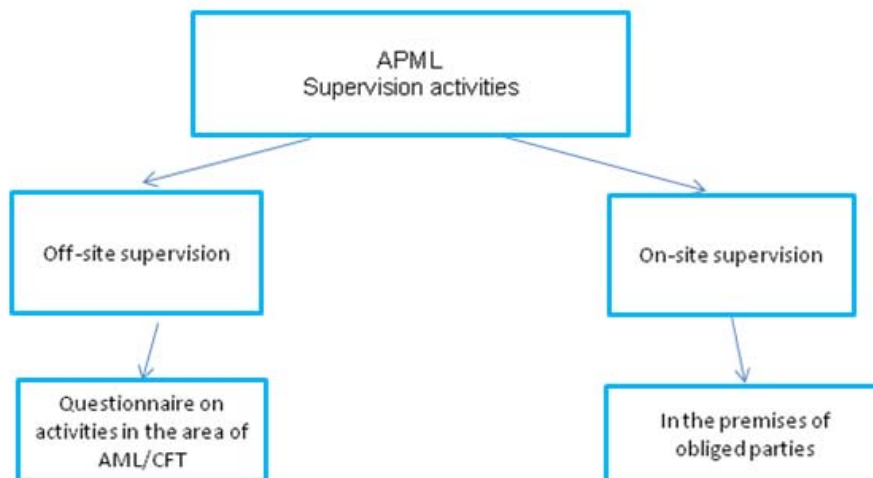
The misuse of NPOs for money laundering or terrorism financing remains very likely. In future particular emphasis should be placed on how donated funds are expended, and whether there has been any misuse of funds.

Transaction regarding purchase of secondary raw materials and different types of manipulation with the purchase (it is common to use fictitious documents for subsequent withdrawal of funds) should be closely monitored in the period to come.

## **3 SUPERVISION OVER THE IMPLEMENTATION OF THE LAW BY ACCOUNTANTS AND AUDITORS**

Pursuant to the provisions of Articles 82 and 83 of the Law on the Prevention on Money Laundering and Terrorism Financing (Official Gazette of the Republic of Serbia nos. 20/2009, 72/2009 and 91/2010 – hereinafter: the Law), the Administration for the Prevention of Money Laundering conducts supervision over the implementation of the Law by reporting entities, which includes:

- 1) off-site supervision
- 2) on-site supervision.



### **Off-site supervision**

In 2013 the APML conducted two types of off-site controls. The first refers to the sort of services a company/entrepreneur providing accounting services gives, the number of clients it has business relationship with and in which group these clients are placed based on the risk associated. This type of control was carried out by sending letters to companies/entrepreneurs that provide accounting services.

The second type of off-site control was conducted by sending out the Questionnaire on the activities an obliged entity has in relation to the implementation of the provisions regulating the prevention of money laundering and terrorism financing, and analysis of received answers.

The basic purpose of sending the letters related to the sort of services reporting entities provide to their clients is to make a realistic overview of the current situation, determine if obliged entities are aware of actually being obliged by Article 4 of the Law, as well as to provide the APML, through analysis of the responses to the Questionnaire, with information on the activities that a company/entrepreneur providing accounting services carries for AML/CFT purposes.

The basic aims of compiling the Questionnaire on the activities of obliged entities related to the implementation of the provisions which regulate the prevention of money laundering are:

- Providing an overview of the current level of awareness of obliged entities of the fact that they are obliged by the Law on the Prevention of Money Laundering and Terrorism Financing and their activities according to this Law;
- Indirect monitoring of development of the system for the prevention of money laundering and terrorism financing;
- Providing an overview of understanding of the regulations on the prevention of money laundering and terrorism financing.

The questions in the Questionnaire are divided into five groups:

Part I – general information on the company/entrepreneur

Part II – activity of the company/entrepreneur

Part III – data on clients

Part IV – provision of the data to the APML

Part V – other measures a company/entrepreneur takes

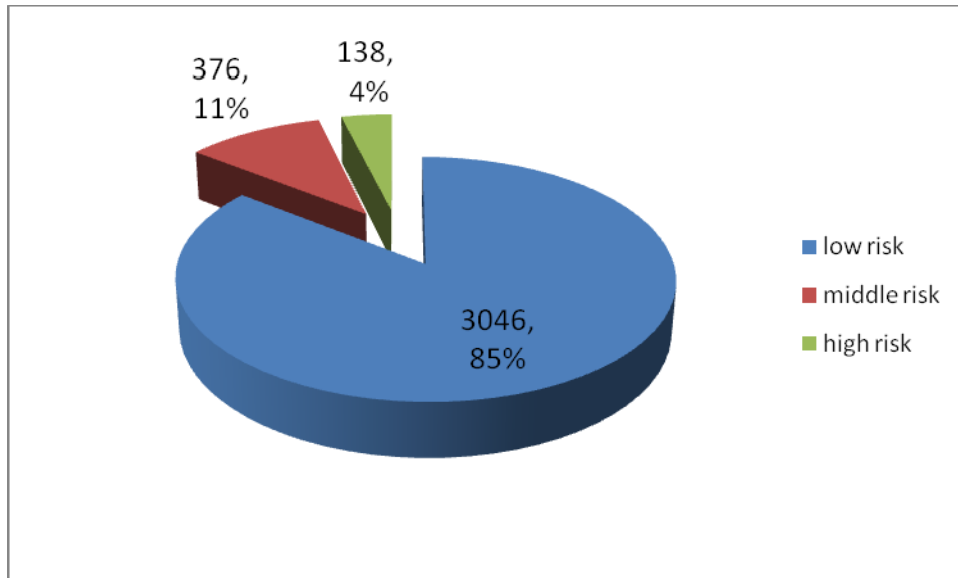
The total number of auditing companies in Serbia is 60<sup>1</sup>. Last year the APML sent letters to all auditing companies registered at that moment thus informing them of being obliged entities according to the Law on the Prevention of Money Laundering and Terrorism Financing. Alongside this information, the APML also sent the Questionnaires on the activities of auditing companies in the area of the prevention of money laundering and terrorism financing to 56 companies providing auditing services. Off-site control was conducted in 54 companies since these provided the APML with answers to the Questionnaire within the stated deadline of 20 days. Two auditing companies did not answer the Questionnaire and so off-site control was not conducted in those companies.

The total number of entrepreneurs/companies which provide accounting services in Serbia is larger than 8000. Two sorts of off-site control were conducted in 2013. One referred to the sort of services an accounting company/entrepreneur provides, the number of clients the company has business relationship with and in which group those clients belong depending on the risk of money laundering. The other type of offsite control referred to completing the Questionnaire on the activities of a company/entrepreneur which provides accounting services. The first offsite control sampled 70 companies/entrepreneurs providing accounting services and these were informed of being obliged entities according to Article 4 of the Law and requested to answer the letter in 20 days. Out of the overall number of accounting companies/entrepreneurs, 64 are legal persons and 6 are entrepreneurs. Out of the 70 companies/entrepreneurs subject to the control, 57 sent a reply to the letter and 12 did not. A total of 20 reminders were sent to the companies/entrepreneurs that did not provide answers within the requested deadline, after which 8 companies/entrepreneurs sent their answers and 12 did not, and thus these 12 subjects are considered not to have been subjected to off-site control at all.

The second sort of off-site control included issuing Questionnaires on the activities of companies/entrepreneurs providing accounting services. 138 companies/entrepreneurs that provide accounting services were chosen as a sample and sent the Questionnaire informing them of their being obliged entities according to Article 4 of the Law. They were allowed a 20-day deadline to send back the filled in Questionnaire of the activities of a company/entrepreneur that provides accounting services. Out of the overall number of the companies/entrepreneurs subjected to this control, 137 are legal persons and 1 is an entrepreneur. Out of the total number of the companies/entrepreneurs that were sent the Questionnaire, 26 did not respond to it whereas 113 did. A reminder was sent to those companies/entrepreneurs that did not submit the completed Questionnaires within the requested deadline. The reminder was sent to 69 legal persons/entrepreneurs, after which 43 of them sent the necessary answers and 26 did not. 11 companies/entrepreneurs providing accounting services informed the APML of having changed their business activity and thus no longer being obliged entities according to Article 4 of the Law. These are, however, counted as a part of the total number of the companies subjected to this control, since at the time they were sampled for the offsite control, these companies/entrepreneurs were registered under the code 6920 – Accounting, bookkeeping and auditing activities and tax consultancy.

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<sup>1</sup> This information is from the website of the Chamber of Authorized Auditors – [www.kor.rs](http://www.kor.rs)



**Chart no. 6 – Clients according to the ML risk, based on analysis by auditing companies**

Pursuant to the Law, obliged entities must apply simplified, general and enhanced CDD measures. Auditing companies applied certain CDD measures depending on the level of the risk of a client, more precisely: 3025 client were subject to simplified, 1500 to general and 53 to enhanced CDD measures. In the above text and according to analysis of the answers to the Questionnaire, the companies sorted their clients in groups with low, medium and high risk, but this was not reflected in further answers and the clients were classified as the clients bearing low risk of ML (a total of 4409) and the clients bearing high risk of ML (a total of 29). Out of the overall number of client the auditing companies provide their services to, 841 clients were not categories at all, which led to a conclusion that these clients are listed among the clients bearing medium risk of money laundering.

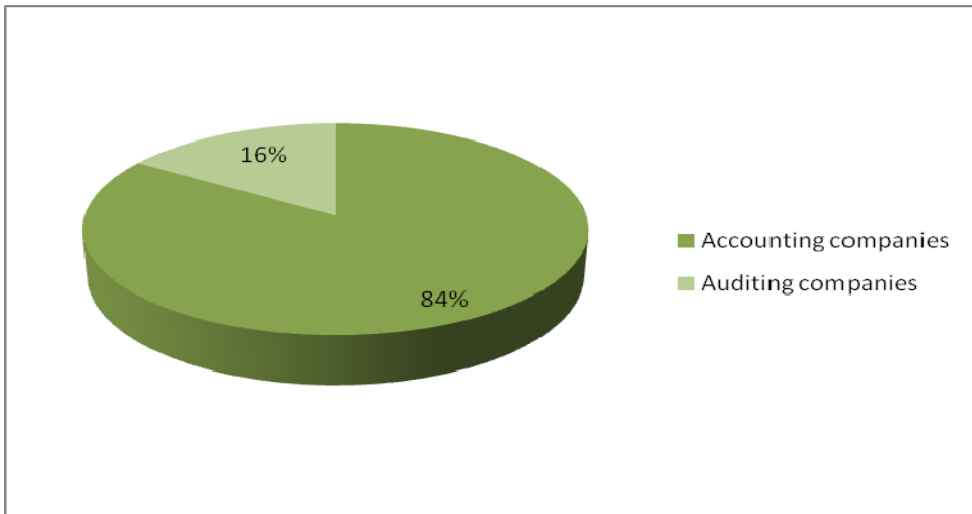
### **On-site Supervision**

In 2013, the APML also conducted on-site controls of auditing and accounting companies. The overall number of these controls in 2013 was 25, out of which:

- 18 on-site controls were carried out at companies which provide accounting services and 7 at companies which provide auditing services.

A total of 86 economic offences were established during the on-site controls conducted in 2013, more precisely:

- 72 offences committed by companies providing accounting services and 14 offences committed by companies providing auditing services.



**Chart no.7 – Ratio of economic offences committed by accounting and auditing firms, as established in on-site controls conducted in 2013**

The prevailing irregularities encountered during the controls refer to breach of the following Articles of the AML/CFT Law (“Official Gazette of the Republic of Serbia”, nos. 20/09, 72/09 and 91/10):

- Article 7 – Analysis of the money laundering and terrorism financing risk
- Article 15 –Identifying and verifying the identity of a legal person
- Article 20 –Identification of the beneficial owner of a legal person
- Article 39 –Appointment of the compliance officer and his deputy
- Article 42, para. 3 – Submitting the data to the APML on the compliance officer and his deputy no later than 15 days from the date of the appointment
- Article 43, para. 1 – Provision of regular professional education, training and specialisation to employees in the area of prevention and detection of money laundering and terrorism financing
- Article 43, para. 3 – Development of annual professional education, training and specialisation programmes for employees in the area of prevention and detection of money laundering and terrorism financing
- Article 44 – Provision of a regular internal control of execution of tasks for the prevention and detection of money laundering and terrorism financing.

## 4 INTERNATIONAL COOPERATION

In addition to international cooperation in the area of the exchange of information with authorities of other countries, which directly contributes to the analytical work of the APML as its basic task, the APML also participates in other sorts of international cooperation important for the system for fight against money laundering and terrorism financing as a whole.

### Activities on basis of membership in international bodies and organisations

#### The Council of Europe – MoneyVal

The FATF (*Financial Action Task Force*) is the key organisation which sets standards in the area of fight against money laundering and terrorism financing. The FSRBs (FATF-style regional bodies) are the bodies responsible for monitoring of adoption and implementation of the standards, mostly contained in the FATF Recommendations (amended in 2012), through mutual evaluation of their member states.

The global network for combating money laundering and terrorism financing consists of 194 jurisdictions and territories which are grouped in the above mentioned *FATF-Style Regional Bodies – FSRBs*.<sup>2</sup> The APML is a member of one such regional body – The Committee of Experts on the Evaluation of Anti-Money Laundering Measures (MoneyVal) and an observer in the Eurasian Group for fight against money laundering and terrorism financing (EAG). Participants in work of the MoneyVal are experts for financial, police-prosecutorial and legal issues from the APML, the Ministry of Justice, the Ministry of Interior and the National Bank of Serbia.

In 2013, the APML participated in the 41<sup>st</sup> (9 – 12 April 2013), 42<sup>nd</sup> (16 – 20 September 2013) and 43<sup>rd</sup> (9 – 13 December 2013) plenary meeting of the MoneyVal. Apart from participating in the MoneyVal plenary meetings, one APML expert also took part in the evaluation of the AML/CFT system in Bulgaria and another APML expert was the leader of a joint MoneyVal and Egmont working group which developed the Typologies of laundering the proceeds from organised crime. Moreover, the MoneyVal also invited the APML to present at the 43<sup>rd</sup> plenary meeting the experiences of Serbia in the process of National assessment of the risk of money laundering, which was quite successful.

New evaluation of the AML/CFT system in the 4<sup>th</sup> round of evaluation was planned to be conducted in 2014, but the final decision on conduction of the evaluation is still to be made.

#### The Egmont Group

The Egmont Group is an association of 140 financial intelligence units which exchange information on cases through the Egmont Secure Website. The APML participates regularly at the EG Plenary Meetings (once a year) and at the meetings of the Working Groups (twice a year). In 2013, the representatives of the APML took part in the meeting of Working Groups in Ostend, Belgium, in the period 21 – 25 January and at the Plenary and WG meetings in San City,

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<sup>2</sup> FSRBs are: *Eurasian Group (EAG)*, *Asia/Pacific Group on combating money laundering (APG)*, *Caribbean Financial Action Task Force (CFATF)*, *Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism of the Council of Europe (MONEYVAL)*, *Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG)*, *Financial Action Task Force on Money Laundering in South America (GAFISUD)*, *Intergovernmental Action Group against Money-Laundering in West Africa (GIABA)*, *Middle East and North Africa Financial Action Task Force (MENAFATF)*

South Africa, in the period 1 – 6 June. The APML constantly contributes to aims of the Egmont Group by participating, within the scope of its capacities, in the projects of the Operational Working Group and other activities of various Working Groups in the Egmont Group.

The year 2013 was significant for the work performed by the Egmont Group and its members since in 2013 the essential documents of the Egmont Group were amended and adopted, and these documents are: *Egmont Group of Financial Intelligence Units Charter*, *Principles for information exchange between financial intelligence units* and *Operational guidance for FIU activities and the exchange of information*.

### **Activities related to the European Union accession negotiations**

In October and December 2013, the APML started its active participation in the process of analytical overview of the extent to which Serbian legislation is aligned with the EU acquis by its participation in the explanatory and bilateral screening in respect of Negotiating Chapter 24 - Justice, freedom and security. Apart from Chapter 24 – Justice, freedom and security, the APML also participates in Negotiating Chapter 4 – Free movement of capital, Chapter 23 - Judicial system and fundamental human rights and Chapter 31 – Foreign, security and defence policy.<sup>3</sup>

### **Cooperation with the Organization for Security and Co-operation in Europe (OSCE)**

The APML has continued its active cooperation with the OSCE Mission to Serbia. In March 2013, a study visit was organised to the financial intelligence unit of Finland on the topic of prioritisation of transactions and indicators for recognising suspicious transactions, for the purpose of improving analytical work. A joint workshop for FIUs of Montenegro and Serbia was also organised and its topic was supervision over the capital market and insurance sector. In April 2013, a seminar on new trends in fight against money laundering was organised. The lecturers were a prosecutor from the Ministry of Justice of the USA and an FBI agent. The APML representative participated in development of a manual for financial investigations meant to be used by relevant state authorities of the Republic of Serbia. Experts from the USA participated in the creation of this manual and the main partner of the OSCE was the Judicial Academy. In September 2013, a regional conference on money laundering and assets recovery took place, with representatives of the Ministry of Justice of the USA, the FBI, relevant state authorities of Serbia, Bosnia and Herzegovina, Montenegro and Macedonia, who exchanged experiences and best practices in the field. In June 2013, the OSCE organised a study visit of Turkmen colleagues to several state bodies of Serbia (the APML, the Anti-Corruption Agency and the Public Prosecutor's Office of the Republic of Serbia). In November 2013, the OSCE organised a study visit of the APML employees to Moldova, following a plea of Moldavian financial intelligence unit and for the purpose of preparing the competent state authorities of Moldova for the National risk assessment process. In December 2013, the APML and the Anti-Corruption Agency representatives were on a study visit to the financial intelligence unit of Greece and the visit was organised by the OSCE.

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<sup>3</sup> More information on the accession process: <http://kurs-pregovori.seio.gov.rs/>



## **United Nations Security Council Counter-Terrorism Council visit, 18 – 21 March 2013**

The UN Counter-Terrorism Committee was in a study visit to the Republic of Serbia from 18 to 21 March 2013. The Committee experts discussed financial law and practice with the APML representatives.

### **Regional cooperation**

The 7<sup>th</sup> annual meeting of Heads of FIUs of the region (Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Montenegro, Macedonia and Albania) was held in Drač, Albania, on 10 and 11 October 2013. Representatives of Italian and Greek FIUs also participated at this meeting as observers. In 2014 the FIU of Montenegro will host the next meeting.

### **Project MOLI – Serbia**

The project for fight against money laundering and terrorism financing in Serbia – MOLI Serbia, which was supposed to terminate in November 2013, was prolonged with the approval of the European Commission until May 2014. This project has been conducted by the Council of Europe (Department for Economic crime, DGHL) and the main project beneficiary is the APML. Total worth of the project is EUR 2,265,000, *IPA* 2010 – EUR 2,000,000, CoE– EUR 200,000, co-financing from the budget of the Republic of Serbia – EUR 65,000.<sup>4</sup>

In 2013 numerous activities were conducted, the most important ones being delivering expert analyses of the level of alignment of Serbian legislation with international standards, especially new FATF Recommendations, as well as training activities. The following activities were carried out:

- 14-17 January 2013: Second expert visit to Serbia with the aim of conducting research study on the risk of abuse of non-profit organisations for money laundering and terrorism financing;
- 18-22 February 2013: Mock trial for judges, police and prosecution;
- 2 – 23 May 2013: Seminar on money laundering and terrorism financing for prosecution and police, Kragujevac;
- 9 – 10 May 2013: Seminar on money laundering and terrorism financing for prosecution, Niš;
- 22 – 24 May 2013: CoE expert visit (analysis of formal and informal money transfer system);
- 22 – 31 May 2013: Training on intelligence analysis for the APML analysts;
- 29 May 2013 and 11 July 2013: Meetings of the working group for statistics;
- 4 – 7 June 2013 and 10 – 14 June: Training for the APML staff on usage of a specific-purpose software;
- 19 June 2013: Round table when the analysis of the non-profit sector and transfer of money was presented;
- 10 September 2013: Meeting with journalists on current issues in the development of the AML/CFT system;

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<sup>4</sup> More information: [http://www.coe.org.rs/def/t doc\\_sr/coe\\_office\\_in\\_belgrade/projects\\_sr/?conid=2059](http://www.coe.org.rs/def/t doc_sr/coe_office_in_belgrade/projects_sr/?conid=2059)

- 1 – 4 October 2013: Study visit of representatives of several Serbian state authorities to *Guardia di finanza*, Italy;
- 9 – 11 October 2013: Meeting of the working group for drafting of the National Strategy against Money Laundering and its accompanying Action Plan;
- 6 December 2013: Presentation of the MOLI project to the National Assembly boards; presentation on functioning of the AML/CFT system and work done by the APML;
- 16 – 18 December 2013: Second meeting of the working group for drafting of the National Strategy against Money Laundering and its accompanying Action Plan.

### **Memoranda of understanding**

In 2013, the APML signed five agreements on exchange of information (memoranda of understanding) with financial intelligence units of Argentina (Ostende, Belgium, 22 January 2013), Andora, Denmark, Panaman and Portugal (Sun City, South Africa, 4 July 2013).

Although the APML is authorised to exchange financial intelligence with foreign counterparts based on the Law, signing such agreements is for the purpose of further development of international cooperation and exchange of information between similar agencies around the globe. So far, the APML has signed 42 memoranda of understanding.

## **5 INTERAGENCY COOPERATION**

### **Standing Coordination Group for supervision of implementation of the National Strategy against Money Laundering and Terrorism Financing**

In 2013, there were organised two meetings of the Standing Coordination Group for supervision of implementation of the National Strategy against Money Laundering and Terrorism Financing (hereinafter referred to as: SCG). SCG membership grew by participation of a member of the Anti-Corruption Agency.

### **Cooperation with preventive and repressive part of the AML/CFT system**

Because of its utmost complexity, successful prevention and detection of money laundering is almost impossible without active and good cooperation with all state authorities participating in the system. That is why the APML has been working on further improvement of cooperation with all stakeholders in the system for detection and prevention of money laundering. This cooperation is two-way.

First of all, the APML cooperates with supervisory bodies which control implementation of AML/CFT provisions by obliged entities, for the purpose of good understanding of those provisions and adequate implementation of the Law by obliged entities themselves. As for the banking sector, cooperation with the National Bank of Serbia is intense – supervision and sanctioning methods are discussed, as well as their efficiency and potential improvements, draft response to a request for interpretation of the AML/CFT Law is forwarded to the National Bank of Serbia for potential additions and comments before issuing a unified response for the requesting obliged entity. The Association of Serbian Banks is a frequent intermediary and coordinator of communication between banks and the APML, especially when organising seminars and the regular annual meeting.

On the other hand, the APML cooperates actively with state authorities from the repressive part of the AML/CFT system, primarily with the Ministry of Interior and acting prosecutor's offices. In 2013, two workshops were held for prosecutors at higher prosecutor's offices responsible for cases of money laundering, as well as for police officers who work on economic and financial crime cases. The main goal of the APML is to familiarise the staff who work on cases of detection of money laundering with the competences of the APML, primarily the following: possibility to collect documentation from obliged entities, monitoring of business activities and temporary blocking of a transaction, but only in cases when there is a suspicion of money laundering or terrorism financing. These workshops have one more task and that is to familiarise prosecutors with the way to file an initiative to the APML. Namely, according to Article 58 of the AML/CFT Law, the APML is authorized to initiate a procedure on basis of a written and explained initiative of precisely stated authorities, but exclusively in case of a suspicion on money laundering and terrorism financing, and if such a suspicion is accounted for.

In addition to prosecutors, the APML has been working in a similar manner with the Ministry of Interior, Security Intelligence Agency and Military Security Agency.

In March 2013, the APML participated in preparation and drafting of a report and discussions as part of the visit of the United Nations Security Council Committee in charge of fight against terrorism. This project included all security and intelligence authorities in the country, representatives of the state administration directly or indirectly involved in the preventive and repressive part of the state apparatus which fights terrorist activities and attempts in our country.

### **Cooperation agreements**

The following agreements have been signed: Cooperation agreement with the Council for national security and personal data protection office, Agreement on business and technical cooperation with the Anti-Corruption Agency and Protocol on data exchange with the Business Registers Agency.

## **6 IT DEVELOPMENT IN THE APML**

2013 saw the end of IT system development projects which refer to the following:

### **Disaster Recovery**

The Administration has a large amount of data at its disposal generated and received through performing its core functions. Losing some of it would make an irreparable damage. In order to prevent it the Administrated started in 2012 a project of implementing disaster recovery strategies and procedures in case of a fire, earthquake and similar occurrences. In early 2013 the project entered its final stage and the system underwent testing. After the system was tested successfully, it was activated and has been fully functional since mid-2013.

## **Integration of existing core APML applications (TMIS and DCM system), development of data warehouse and the introduction of advanced analytical tools, as well as the automatic analysis of the transaction database**

The Administration receives data submitted by reporting parties as defined by the Law, as well as the data provided by other state authorities, all of which is stored in the database. In addition, the Administration uses the Document and Case Management System, which keeps its meta data in a separate database.

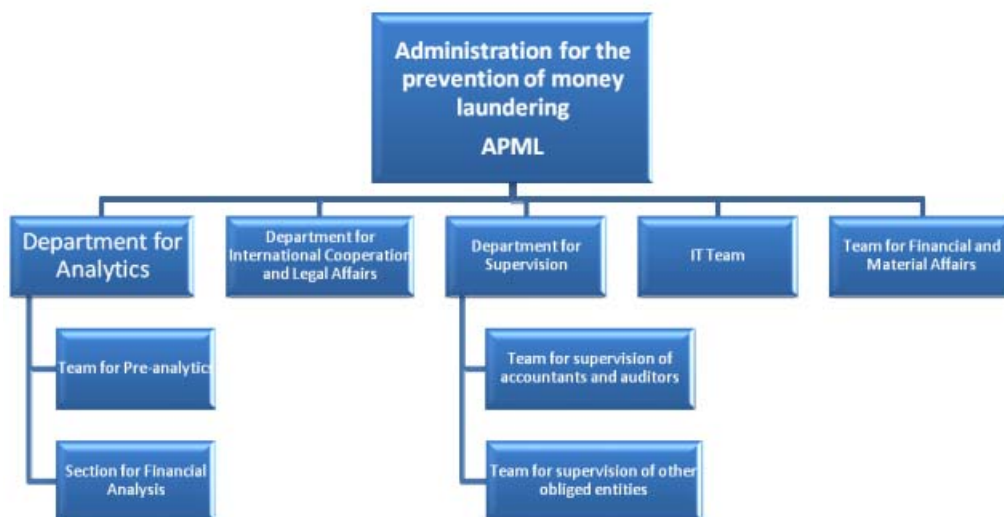
In 2013 the Administration finalized the project of integration of all its available data, which it receives from multiple sources. All the data are optimally stored in a unified structured data warehouse, which has increased the search speed and optimized the data protection against loss. Moreover, advanced analytical tools have been implemented, which makes the analysis and reporting processes more efficient and effective.

Module for automatic processing of transaction database includes the implementation of a large number of indicators and rules for ranking both suspicious and regular transactions for all types of obliged parties. It was made possible to define an arbitrary number of rules which can combine into complex rules. Complex rules include the test whether multiple requirements related to a transaction have been met. This module is fully compatible with TMIS and DCMS in a manner that includes automatic matching of subjects appearing in newly received transactions with subjects from existing cases, which adds more efficiency to the processing of reported transactions.

## **7 ORGANIZATIONAL STRUCTURE, HUMAN RESOURCES AND SPECIALIST TRAINING**

Rulebook on internal organization and job classification in the Administration provides for the structure and job classification as follows:

- Department of Analytics, consisting of two operational units, namely:
  - Team for Preanalytics
  - Section for Financial Analysis
  
- Department for International Cooperation and Legal Affairs
- Department for Supervision, consisting of two teams, namely:
  - Team for the Supervision of Accountants and Auditors
  - Team for the Supervision of Other Obligated Entities
  
- Team for Information Technologies
- Team for Financial and Material Matters



**Chart no. 8: Organizational chart of the APML**

### **Training of the APML Staff**

In addition to permanent training that APML staff undergo through the Service for Human Resources Management or in the organization of other state authorities, regarding public administration topics, management, project planning or similar, APML staff have participated at a variety of specialist trainings, seminars and conferences, as follows:

#### ***TAIEX Conference, Sarajevo, 29 – 30 January 2013***

TAIEX Regional Conference in Sarajevo, Bosnia and Herzegovina was held, named *Financial Investigations with Special Overview of Suspicious Transactions Related to Terrorism Financing*. Conference participants from Serbia included APML representatives, Deputy Prosecutor for Organized Crime and a representative of the Ministry of Interior.

#### ***Mock Trial Workshop, Vršac 18 – 22 February 2013***

The Workshop was organized by the Administration within MOLI Project with the aim of enhancing professional and operational capacities of the AML/CFT system in Serbia. The APML staff were presenters at the Workshop, which was intended primarily for prosecutors, judges and the police members.

***Matra Patrol Integrity of Civil Servants, Hague, the Netherlands, 4-13 March 2013***, organized by the Hague Academy for Local Governance. One APML member of staff attended the course.

#### ***Study visit to FIU Finland, 18-22 March 2013***

This study visit was made possible by the OSCE. APML staff along with FIU Lithuania and FIU Moldova went on a study visit to the FIU Finland in order to exchange experience and knowledge of AML/CFT.

### **Workshop in the Republic of Montenegro, 27-28 March 2013**

The organization of the Workshop was supported by the OSCE Mission in Serbia and in Montenegro. The APML staff delivered a presentation to the participants on the APML experiences in the supervision of the reporting entities in capital markets and insurance.

### **Seminar on Financial Crimes Investigation Techniques, 9-12 April 2013**

The Seminar was organized by IRS – Criminal Investigations Department, in cooperation with the US Ministry of Justice, Office of Resident Legal Advisor, ICITAP Program and OSCE Mission to Serbia. A member of APML staff delivered a presentation to the participants of the Seminar on money laundering, monetary transactions and existing problems.

### **FBI workshop: Money laundering and economic crime investigations, Belgrade, 16-18 April 2013**

The workshop *Money laundering, financial and economic crime investigations* was held in Belgrade on the methods of gathering and analysing evidence in financial crime cases.

### **Implementation of International Standards, Vienna, 15-19 April 2013**

The seminar was organized by the IMF within the Joint Vienna Institute. FATF published the new methodology for the evaluation of AML/CFT systems, which provides guidelines to the future evaluators on methods for assessing AML/CFT.

### **TAIEX Seminar on seizure and confiscation of criminal assets, 7-8 May 2013**

The seminar was organized by the Ministry of Justice and Public Administration, Recovered Asset Management Directorate, with the support of EU technical instrument – TAIEX. The topic was experiences in asset seizure/confiscation and interagency cooperation in AML/CFT.

### **Training for prosecutors, Niš, 9 – 10 May 2013**

Topics included investigations and challenges in prosecuting money laundering, as well as seizure/confiscation of proceeds from crime. The objective of such trainings is the enhancement of professional and operational capacities of prosecution authorities. The training was organized within the framework of MOLI Project Serbia.

### **Consultations at Palić, 14 – 17 May 2013**

Three-day consultations for AML officers in banks. The event provided a forum for the participants to express their dilemmas and openly discuss practical problems regarding the implementation of AML/CFT regulations with APML staff and National Bank of Serbia bank examiners.

### **Training for prosecutors, Kragujevac, 23 – 24 May 2013**

Topics included investigations and challenges in prosecuting money laundering, as well as seizure/confiscation of proceeds from crime. The objective of such trainings is the enhancement of professional and operational capacities of prosecution authorities. The training was organized within the framework of MOLI Project Serbia.

### **Study visit of Turkmenistan civil servants**

Civil servants from Turkmenistan were on a study visit in Serbia. The visit was made possible by the OSCE with the aim to familiarize them with the system for the combat against organized crime in Serbia.

### **Workshop on the FATF Recommendations, Seoul, 28-31 August 2013**

The Seminar was organized by the World Bank for the members of the Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG).

The organizers of the Workshop called upon the Administration to nominate a member of its staff to give a presentation on ML/FT national risk assessment conducted in Serbia.

### **APML Capacity Building Workshop, Vrnjačka Banja, 29 – 30 August 2013**

The Workshop was organized within the framework of MOLI Project for the APML staff, to introduce new ML methods, as well as new methods for combating ML.

### **Grey Economy 2013 Conference, Lyon, 2 – 6 September 2013**

The Conference was held at the Interpol Secretariat General, organized by Interpol and Team Cymru. It consisted of case studies, workshops and presentations – a practical course for efficient combat against crime.

### **Regional Conference on Money Laundering and Seizure/Confiscation of Assets, 4- 5 September 2013**

The Conference was organized by the US Embassy, Office of Resident Legal Advisor and OSCE Mission in Serbia. The idea of the Conference was for the participants to familiarize themselves with mechanisms for preventing and investigating money laundering and seizing/confiscating assets from money laundering.

### **Study visit to Rome, 1 – 4 October 2013**

The visit was organized in the framework of MOLI Project with the aim of presenting working methods used by Guardia di Finanza to the APML staff, and to provide the forum for comparing experience between the colleagues.

### **Training in i2 Analyst's Notebook software and Oracle BI software for APML staff**

Staff working on analytical cases underwent a training in the two applications above.

## **8 CHALLENGES AND OBSTACLES TO ACTIVITIES AND ACCOMPLISHMENT OF PLANS**

The APML did not get adequate business premises in 2013 either, which prevented it from strengthening its capacities by employing public servants whose number was envisaged in the internal organization and systematization of working positions. The European Commission stated in its Progress Reports on Serbian for the years 2012 and 2013 that the number of the APML staff should increase. In order to implement this recommendation, it is necessary to provide the APML with adequate premises for the existing number of the employees and to enhance its human resources as well.

Further strengthening of interagency cooperation for the purpose of more efficient work of the AML/CFT system as a whole is going to be a priority for the APML in the upcoming period. Namely, experience gained in the so-far analyses of STRs and feedback received from acting prosecutor's offices show that it is necessary for the APML to get access to the databases of the Ministry of Interior. The National Strategy against Money Laundering and Terrorism Financing for the period 2008 – 2013, which has already ceased to be relevant, as well as the new Draft National Strategy against Money Laundering and Terrorism Financing, envisage availability of various databases to the APML either by nominating a liaison officer from the Ministry of Interior, providing direct access to the database, or in another appropriate manner.

The plan to establish a training centre still remains unaccomplished. The reason for this is lack of adequate premises. The APML is going to continue with its endeavors to materialize this idea and set up a training centre that would serve not only for training of the APML staff, other state authorities and obliged entities, but for regional and international trainings as well.

No. OP-000046-0027/2014

Belgrade, 31 March 2014